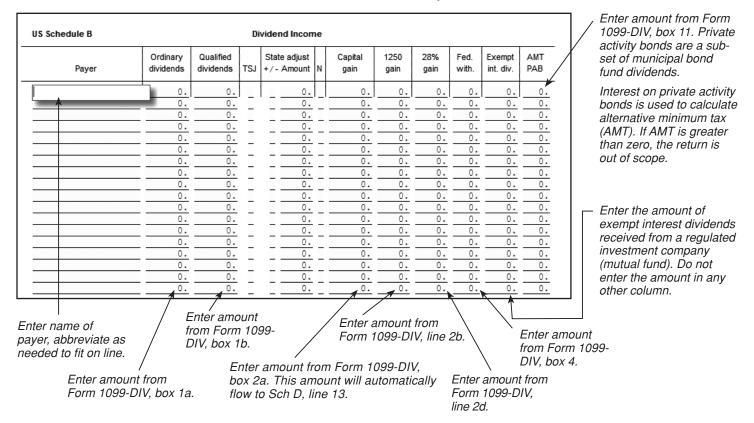
Dividend Statement for Schedule B, Line 5 Dividend Income



Note: Use only 1 dividend statement to record all dividend income.

Additional Dividend Entries

State adjustment: When a state return has been selected on the Main Information Screen, entries made on the Dividend Statement will be treated the same on the state return. If state tax law treats the dividend differently, an adjustment has to be made in the State adj column.

Example: Enter dividends from federal bond funds which are fully taxable on the federal return but tax exempt on the state return. Entering the dividend in the Amount column will result in the dividend showing up as taxable on both the federal and state returns. Therefore, an adjustment has to be made in the State adj column by entering a "-" and the amount. This will result in the dividend showing up as tax exempt on the state return.

TAX TIP: First, complete the dividend statement for the federal return only. This entry is transferred directly to the state return. Then, ask the question "Is the dividend treated differently on the state return?" If the dividend is treated differently, adjust by entering the appropriate +/- and amount in the State adjust column.

- Note 1: If Foreign tax paid (box 6) is shown on 1099-DIV, see the Nonrefundable Credits tab for Foreign Tax Credit information.
- **Note 2:** 1099-DIV, Box 3, Non-dividend Distribution is a return of basis, not taxed until all cost is recovered. Must reduce cost by these distributions at time of sale. Once all costs recovered, report as capital gain.
- **Note 3:** 1099-PATR-Rebate/Patronage Dividends issued by co-ops are not taxable for individuals but taxable for a business that uses expenses paid to co-op as business deduction.
- Note 4: Enter K-1 dividends directly on Dividend Stmt for example, "ABC Co K-1".